

County of Chesterfield, Virginia
Notes to Schedule of Expenditures
of Federal Awards
For the Year Ended June 30, 2004

1. General

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of all Federal assistance programs of the primary government and the School Board.

2. Basis of Accounting

The accompanying Schedule is presented using the modified accrual basis of accounting for governmental funds and the accrual basis of accounting for proprietary funds, which are described in Note 1 to the reporting entity basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

3. Relationship to Financial Statements

Federal expenditures are reported in the reporting entity basic financial statements as follows:

| <u>Fund</u> | <u>Federal Expenditures</u> |
|----------------------------------|-----------------------------|
| <u>Primary Government</u> | |
| Governmental Activities | |
| General Fund | \$ 18,494,659 |
| Non-major Grants Fund | <u>5,884,818</u> |
| Total Primary Government | 24,379,477 |
| <u>Component Unit</u> | |
| Governmental Activities | |
| School Operating Fund | <u>21,880,588</u> |
| Total | <u>\$ 46,260,065</u> |

4. Relationship to Federal Financial Reports

Amounts reported in the accompanying Schedule agree with the amounts reported in the Federal financial reports.

5. Sub-recipient payments

The total amount pass-through entities received during the fiscal year was \$342,585 from the Community Development Block Grant.

6. Mortgage Revenue Bonds Guarantee

The outstanding balance of \$20,158,071 on the 1996 Mortgage Revenue Bonds of the Health Center Commission Component Unit are insured by the Government National Mortgage Association through the Federal Housing Administration organizational units within the United States Department of Housing and Urban Development. This guarantee is not considered federal assistance and has not been included on the accompanying Schedule. The Health Center Commission has complied with all on-going compliance requirements.